

**APPROVED MINUTES
SUNNYVALE CITY COUNCIL
SPECIAL MEETING
BUDGET WORKSHOP
TUESDAY, May 23, 2006**

The special meeting was called to order at 8:30 a.m. in the Council Chambers, at 456 W. Olive Avenue, Sunnyvale, California with Mayor Swegles presiding.

Mayor Swegles led the salute to the flag.

PRESENT: Mayor Ron Swegles
Vice Mayor Otto Lee
Councilmember John Howe
Councilmember Dean J. Chu
Councilmember Tony Spitaleri
Councilmember Christopher Moylan

ABSENT: Councilmember Hamilton

STAFF PRESENT: Amy Chan, City Manager
David Kahn, City Attorney
Robert Walker, Assistant City Manager
Mary Bradley, Director of Finance
Marvin Rose, Director of Public Works
Robert Paternoster, Director of Community Development
David Lewis, Director of Parks and Recreation
Curtis Black, Superintendent of Parks
Don Johnson, Director of Public Safety
Michael Curran, Director of Employment Development
Deborah Barrow, Director of Library Services
Erwin Young, Director of Human Resources
Shawn Hernandez, Director of Information Technology
Katherine Bradshaw Chapplelear, City Clerk

Overview of the Recommended FY 2006/2007 Budget and Twenty-Year Resources Allocation Plan

Amy Chan, City Manager, provided an extensive overview of the budget (including a PowerPoint presentation). She stated there will be twelve budget supplements presented this year (which will either enhance or reduce services). Following her presentation, each Department Director will go through their budget programs, highlighting only those with significant changes. She stated that today's presentation will conclude with a review of the proposed Fee Schedule.

Mayor Swegles noted that Councilmember Hamilton arrived and directed the City Clerk to take a roll call.

PRESENT: Mayor Ron Swegles
Vice Mayor Otto Lee
Councilmember John Howe
Councilmember Dean J. Chu
Councilmember Hamilton

Approved by Council on June 13, 2006

Councilmember Tony Spitaleri
Councilmember Christopher Moylan

ABSENT: None

Councilmember Moylan announced that he will leave the dais from 10:15 a.m. to 12:00 p.m. due to a work commitment.

City Manager Chan explained the City's Twenty-year Resources Allocation Plan and Long Term Financial Plan. This year the City is focusing on the Operating Budget.

City Manager Chan presented the schedule for the budget process as follows:

Fiscal Issues Workshop:	January 30, 2006
Budget Workshop:	May 23, 2006
Public Hearing:	June 13, 2006
Budget Adoption:	June 20, 2006

During her review, City Manager Chan discussed the following:

Citywide Budget; Sunnyvale's New Fiscal Reality; Service Enhancements for Consideration through Budget Supplement Process; Service Level Restorations; Service Enhancements; Ongoing Structural Gap eliminated in General Fund and Community Recreation Fund; State Budget (Governor's Proposed Budget); Proposition 42 "Fix" Initiative; Revenue and Expenditure Assumptions; Projects Budget; Budget Supplements; Financial Successes; Fiscal Pressures, and New Initiatives.

Councilmember Chu noted that there will be a fifth infrastructure bond for Parks on the November ballot. City Manager Chan stated Council will consider all the propositions.

City Manager Chan explained that projecting a twenty-year plan is a difficult process. The assumptions that staff makes are important in order to identify any funding gaps as early as possible, be better prepared, and have time to resolve any funding gap issues.

City Manager Chan noted that Councilmember Howe asked staff to provide the cost to maintain the 100 block of Murphy Avenue. Robert Paternoster, Director of Community Development, distributed a copy of the expense analysis for enhanced services the City has provided to Murphy Avenue. City Manager Chan explained that on the second page are the services that the City provides for which reimbursement is received. City Manager Chan noted that at the June 13, 2006 Council meeting, Council will consider a request from the Downtown Association for a Downtown Business Improvement District (BID).

Councilmember Hamilton asked if the golf course at Moffet field is being considered. City Manager Chan stated the City has expressed interest in this site and will continue to pursue this interest.

Councilmember Hamilton asked for clarification on what will be presented to Council regarding the BID. City Manager Chan stated the Downtown Association will bring forward a funding request to form a BID and the priorities they wish to pursue.

Councilmember Moylan stated it would be helpful if staff listed the revenue sources that are below average (compared to other communities) and included recommendations to either leave the fees as they are or increase them.

Councilmember Moylan asked about cable television franchise fees and stated he does not believe that it is very likely those fees will grow. City Manager Chan stated staff believes the revenue will be low, but staff will need more information in order to revise the projection. She stated if Council wishes to have the projection reflect zero, that change can be made. Councilmember Moylan agreed to curtail any change in projection revisions until federal and state legislation is received.

Vice Mayor Lee asked City Manager Chan if the \$500,000 that is part of the General Fund as (established Service Level Set-Aside) would be for a potential new service or upgrading a current service. City Manager Chan stated that the budget identifies two areas that could potentially require significant General Fund support; however, Council could decide to enhance one program with the entire amount or affect several programs in smaller ways.

Vice Mayor Lee stated that many times it is more cost effective to replace an item rather than repair it, and he wanted to be sure that a system of evaluating items for repair versus replacement is implemented Citywide.

City Manager Chan stated that the City began optimal staffing studies about two and a half years ago and are reviewing a different department each year. She stated that it is important not only to review the staffing, but also the system to determine if the system meets the needs of the City or needs to be structured differently. City Manager Chan stated that the City does not only look at revenue opportunities, but also how services are delivered along with the cost of delivering those services. She stated staff is striving to deliver the highest quality service with the lowest cost.

Mayor Swegles declared a recess at 9:50 a.m.

Councilmember Moylan left the dais.

Mayor Swegles reconvened the meeting at 10:05 a.m.

City Manager Chan presented a review of the Twenty-Year Financial Plan with the focus on funds with major changes or policy issues.

City Manager Chan presented an overview of the following funds: General Fund; General Fund Revenues; Sales Tax; Property Tax; Utility Users Tax; Franchise Fees; Transient Occupancy Tax; Construction-Related Revenue; Business License Tax; Real Property Sales; General Fund Expenditures; Major Changes in Operating Budget; Reserve and Set-Asides; General Fund Fiscal Condition; Gas Tax Fund; Park Dedication Fund; Parking District Fund; Youth and Neighborhood Services Fund; Redevelopment Agency Fund; Water Supply and Distribution Fund; Solid Waster Management Fund; Wastewater Management Fund, and Employee Benefits Fund. (Community Recreation Fund was discussed later in the workshop as requested by Councilmember Moylan).

City Manager Chan responded to questions from Council regarding General Fund; additional pension costs; recruitment and training fund; pooling of cities to help reduce the rates for the Public Employee Retirement System; dispute resolution service; property management of City-Owned properties; election costs, and recruitment.

City Manager Chan mentioned that if the operating budget for a project is not used, the money will be transferred into the General Fund.

Councilmember Howe stated he would like to receive information on what the actual dollar amount is for the 20% reserves added to the General Fund for 2006/2007 budget compared to last year. City Manager Chan stated the 20% contingency reserve being proposed for 2006/07 is a \$1.6 million increase over the 2005/2006 fiscal year.

Councilmember Howe confirmed that the \$500,000 stabilization will be ongoing for the next twenty years. City Manager Chan stated that the next twenty years has the ability to support \$500,000 service increases and confirmed that an inflation factor had been applied.

City Manager Chan answered questions from Council regarding: increases in the contingency reserves over time; contingency funds, and elimination of the non-reoccurring events reserve.

Mayor Swegles asked if Council may receive public comments and City Manager Chan stated that public comments can be taken at the end of the presentations, but that decision is at Council's discretion. Mayor Swegles stated the meeting will continue.

Mayor Swegles asked about different funds for water conservation. City Manager Chan stated that staff aggressively pursues all grant funding awards.

City Manager answered questions from Council regarding water rate increases.

Councilmember Chu asked that a report come back to Council in the next quarter reflecting the actual water rate increases compared to surrounding cities.

Mayor Swegles asked City Manager Chan to postpone the next section of her overview on the Community Recreation Fund until Councilmember Moylan returns to the dais since he has questions on this section. City Manager Chan agreed and concluded the fund review.

Mayor Swegles declared a recess at 11:45 a.m.

Mayor Swegles reconvened the meeting at 12:15 p.m.

Review of Recommended FY 2006/2007 and FY 2007/2008 Operating Budget

City Manager Chan stated the Operating Budget Review will begin with the Director of Public Works, Marvin Rose.

Land use and Transportation Element

Director Rose presented each program by number and commented on those programs with general changes and answered questions by Council.

Councilmember Moylan returned to the dais.

Community Development Element

Director Rose presented Public Works programs by number and commented on those programs with general changes and answered questions by Council.

Robert Paternoster, Director of Community Development, presented each program by number and commented on those programs with general changes and answered questions by Council.

City Manager Chan spoke in reference to the "Promote Sunnyvale" project and stated that the taskforce includes business and chamber representatives and staff is currently soliciting requests for proposals for a consultant to assist in identifying the appropriate next steps. She stated the \$35,000 in the budget is for the consulting services and any remaining money would go toward implementing the program. Once the taskforce identifies the project, they will bring the cost of such a program to Council for consideration.

David Lewis, Director of Parks and Recreation, presented each program by number and commented on those programs with general changes and answered questions by Council.

Program 265 – Neighborhood Parks and Open Space Management

Councilmember Spitaleri moved and Councilmember Moylan seconded to recommend to the City Manager that Budget Supplement #7 (Construct Restroom Building at San Antonio Park) be included in the proposed 2006/2007 budget with construction costs charged to Park Dedication Funds and operating costs (\$20,000) charged to the Service Level Enhancement Fund and identify the year that design and construction on this project would begin.

Curtis Black, Superintendent of Parks, answered questions from Council.

Councilmember Howe asked if the motion passed, what comes out of the \$500,000 in the first year. City Manager Chan stated that staff would review Park Dedication Funds to see if resources are available to fund the construction of the restroom. If that is not the case, money will come out of the \$500,000 Enhancement Fund to construct the project. The ongoing operating costs for this project will come out of the Service Level Enhancement Set-Aside Fund. Councilmember Howe stated his objection to this motion based on the funding issues.

Councilmember Moylan offered a friendly amendment that the budget adjustment be adopted assuming that the initial construction costs can be covered by Park Dedication Funds or if funds are not available, the project is not completed. Friendly amendment accepted.

Councilmember Hamilton expressed her opposition to the motion, and stated that she would prefer the funds be used for larger projects that will not have ongoing expenses.

Councilmember Moylan stated the \$500,000 will not fund a capital project, and that the enhancement fund is essentially meant for small projects.

City Manager Chan stated when staff returns to Council at the Public Hearing on June 13, staff will identify the fund and year that the project can begin.

Prior to the vote, City Clerk Chappellear requested to re-take roll call due to the earlier return of Councilmember Moylan to the dais.

PRESENT: Mayor Ron Swegles
Vice Mayor Otto Lee
Councilmember John Howe
Councilmember Dean J. Chu
Councilmember Hamilton
Councilmember Tony Spitaleri
Councilmember Christopher Moylan

ABSENT: None

Motion carried: 6-1 (Councilmember Hamilton dissented)

Land use and Transportation Element

This program was revisited due to Councilmember Howe wishing to make a motion. Director Rose answered questions from Councilmember Howe.

Program 118 – Pavement Operations

Councilmember Howe moved and Vice Mayor Lee seconded to approve Alternative B for street sweeping (to be done monthly and every two weeks in the winter).

Councilmember Moylan stated to accomplish this additional street sweeping; half of the discretionary funds would need to be used.

Councilmember Howe stated the motion did not indicate a funding source and if this motion passes, he is recommending that staff determine funding options for Budget Supplement #6 (Restoration for Street Sweeping Service Level) Alternative B for inclusion in the proposed 2006/2007 budget. Amendment accepted.

Motion carried: 7-0

Overview of the Recommended FY 2006/2007 Budget and Twenty-Year Resources Allocation Plan (continued)

City Manager Chan resumed her overview of the budget and spoke on the Community Recreation Fund (which was delayed due to Councilmember Moylan's earlier absence from the dais) and answered Council questions.

City Manager Chan concluded her overview and the Operating Budget Review resumed.

Environmental Management Element

Director Rose presented each program by number and commented on those programs with general changes and answered questions by Council.

No Council direction to staff

Mayor Swegles declared a recess at 2:15 p.m.

Mayor Swegles reconvened the meeting at 2:25 p.m.

Public Safety Element

Don Johnson, Director of Public Safety, presented each program by number and commented on those programs with general changes and answered questions by Council.

Councilmember Hamilton requested that should the budget supplement pass, staff will develop outreach to the neighborhood (north of the train station) to resolve the parking situation prior to beginning any parking enforcement.

No further Council direction to staff

Socio-Economic Element

Robert Walker, Assistant City Manager, and Michael Curran, Director of Employment Development, presented each program by number and commented on those programs with general changes and answered questions by Council.

No Council direction to staff

Cultural Element

David Lewis, Director of Parks and Recreation, presented each program by number and commented on those programs with general changes and answered questions by Council.

Deborah Barrow, Director of Library Services, presented each program by number and commented on those programs with general changes and answered questions by Council.

Program 646 – Arts and Recreation Programs & Operation of Recreation Facilities
Councilmember Moylan moved and Councilmember Hamilton seconded to request that budget options be explored so that 20-year projections decrease the City subsidy every year. Those options could include: reinvesting part of the endowment each year; a one-time contribution to the endowment; an annual small contribution to the endowment, elimination of the contract it expires. He stated all these options could be explored and directed staff to find a reasonable way to keep the annual City subsidy for the Fremont Pool from continuing to increase as it is currently slated to do.

City Manager Chan stated staff will explore the ideas Councilmember Moylan suggested.

Councilmember Hamilton suggested Councilmember Moylan give staff two or three suggestions to explore in order to narrow the scope.

Councilmember Moylan agreed and amended his motion to state that staff shall select two options that seem the most reasonable, and return to Council with the projection of cost savings

Councilmember Chu, Moylan and Vice Mayor Lee indicated they will sponsor a Study Issue to determine long-range solutions to reduce the City subsidy for the Fremont Pool.

Motion carried: 7-0

Mayor Swegles declared a recess at 3:55 p.m.

Mayor Swegles reconvened the meeting at 4:05 p.m.

Planning and Management

City Manager Chan stated that the Planning and Management Elements are the internal services including: Finance Department; Office of the City Manager; Office of the City Attorney, and Human Resources Department.

Mary Bradley, Director of Finance, presented each program by number and commented on those programs with general changes and answered questions by Council.

Assistant City Manager Walker presented each program by number for the Office of the City Manager and commented on those programs with general changes and answered questions by Council.

Mayor Swegles directed staff to submit an application for the Annual Health and Safety Fair as a possible recipient of the 2007 Helen Putnam Award Program.

Mayor Swegles requested (as part of the renewal process of the cable franchise renewal fee coming back to Council for consideration) staff to include in the report what the cost would be if the City had to supplement the program.

Vice Mayor Lee moved and Councilmember Howe seconded that the money awarded to the City as a result of litigation (during Fiscal Year 2006/2007) be deposited in the Service Level Enhancement Fund, with the exception of attorney fees which would be deposited in the City's General Fund.

David Kahn, City Attorney, presented each program by number for the Office of the City Attorney and commented on those programs with general changes and answered questions by Council.

Councilmember Hamilton verified that legal advice for the Local Redevelopment Authority (LRA) was included in the budget (listed under the category, Providing Legal Advice to the Council).

Vice Mayor Lee asked where attorney fees and recovered fees are captured in the budget and the City Attorney stated the funds go back into the General Fund. Vice Mayor Lee confirmed that any revenue (from a lawsuit or recovered attorney fees) is not included in the budget since there is no certainty of receiving the funds.

Vice Mayor Lee directed staff (if funds are received from a lawsuit) to deposit the funds into the Service Level Enhancement Set-Aside Fund. City Manager Chan stated staff will incorporate that direction into the budget that Council will receive on June 13, 2006.

Erwin Young, Director of Human Resources, presented each program by number and commented on those programs with general changes and answered questions by Council.

Vice Mayor Lee moved and Councilmember Howe seconded that any monetary award from any civil litigation be deposited into the Service Level Enhancement Set-Aside Fund.

Councilmember Howe offered a friendly amendment that the attorney fees portion of any settlement will be returned to the General Fund to reimburse the City Attorney for actual cost, and funds from a lawsuit be recognized and accounted for by Council as one-time funds.

Vice Mayor Lee accepted the friendly amendment with a clarification that any excess of attorney fees recovered (from actual cost) shall be included in the Service Level Enhancement Set-Aside Fund.

Councilmember Hamilton offered a friendly amendment to not limit the action to the 2006/2007 fiscal year in case funds are received at a later date. Friendly amendment accepted.

Motion carried: 7-0

General Services

Director Rose presented the Department of Public Works programs by number and commented on those programs with general changes and answered questions by Council.

Director Lewis presented the Department of Parks and Recreation program under this element by number and commented on those programs with general changes and answered questions by Council.

Shawn Hernandez, Director of Information Technology, presented each Information Technology program by number and commented on those programs with general changes and answered questions by Council.

City Attorney Kahn presented his department's program by number and commented on general changes and answered questions by Council.

No Council direction to staff.

Mayor Swegeles opened Public Comments at 5:02 p.m. No one wished to speak and Mayor Swegles closed the Public Comments at 5:03 p.m.

Mayor Swegles adjourned the Budget Workshop 5:03 p.m.

Mayor Swegles declared a recess at 5:03 p.m.

Mayor Swegles convened the City Council Meeting at 5:10 p.m.

Roll Call

PRESENT: Mayor Ron Swegles
Vice Mayor Otto Lee
Councilmember John Howe
Councilmember Dean J. Chu
Councilmember Hamilton
Councilmember Tony Spitaleri
Councilmember Christopher Moylan

ABSENT: None

STAFF PRESENT: Amy Chan, City Manager
David Kahn, City Attorney
Robert Walker, Assistant City Manager
Mark Bowers, Solid Waste Program Manager
Katherine Bradshaw Chapplear, City Clerk

PUBLIC HEARINGS/GENERAL BUSINESS

RTC 06-141 Approval of SMaRT Station® Operations Request for Proposal (Deferred from Council meeting of May 16, 2006)

Mark Bowers, Solid Waste Program Manager, presented the staff report.

Councilmember Moylan asked why the request for proposal (RFP) requires Council approval before it is complete. Manager Bowers stated that Council requested early approval, but that this is not standard practice for the RFP process.

Councilmember Moylan asked under what circumstance the City would invoke its right to extend the existing contract. Manager Bowers stated there are numerous reasons, including significant revisions to the RFP, which would delay the process and require an extension of the existing contract in order to have an operator on site.

Councilmember Chu stated that with Alternative No. 2, there will be an increase of \$236,000 per year (plus CPI) and asked how that would impact the residential rate. Manager Bowers stated that information was not readily available since this is a three-city operation so only a portion of that fee would be the City's responsibility.

Councilmember Howe asked under Alternative No. 2, what would be the "prevailing wage" for the "Sorter" position. Manager Bowers said the position of sorter has a wage of \$14.93 (including wages and benefits). Councilmember Howe confirmed if Alternative No. 2 were approved, the position of a sorter would increase to \$15.79 (including wages and benefits). Councilmember Howe asked what the City of San Jose pays for the position of sorter. Manager Bowers stated he did not have that information.

Mayor Swegles opened the Public Hearing at 5:33 p.m.

Todd Storti, a representative of GreenTeam/Zanker, stated his concerns over the proposal language for Section 3.10 and submitted draft language to be considered as a possible Alternative No. 5. He stated this draft of Section 3.10 would assist his company in accomplishing a negotiated agreement in a timely manner that satisfies wages and benefits to a competitive market rate for employees at the SMaRT station. He stated the language currently in the contract provides uncertainties to both parties.

Councilmember Howe asked what the wage of a sorter was five years ago and Mr. Storti stated when his company took over the operation, the wage was \$7.25 with no benefits. Shortly thereafter a negotiated agreement was developed that brought the wage to \$8.00 per hour with benefits. Councilmember Howe asked what the current wage is with benefits and Mr. Storti stated it is \$12.92 per hour.

Councilmember Moylan asked Mr. Storti which of the four Alternatives that staff has presented would he endorse and he stated his proposal as Alternative No. 5.

Councilmember Hamilton inquired where the control exists (to keep the costs down) if the wages change based on the surrounding prevailing wages. Mr. Storti stated the language he provided for the RFP will allow the City to receive a cost competitive package from the bidders and will provide bidders certainty in regard to labor. He stated there are caps in the report exactly the same as the draft language proposed by staff.

Councilmember Spitaleri confirmed that the caps would apply to wages and not benefits. Councilmember Spitaleri confirmed that if there were to be a group not covered under a labor agreement, then the prevailing wage would go into effect for that group.

Richard Leasia, Attorney employed by GreenTeam/Zanker, stated the language presented is very similar to the staff recommendation Alternative No. 2. He stated the language in the proposal that Mr. Storti passed out was drafted so that all the bidders would know the labor costs.

Lisa Pau, Attorney representing Teamsters Local 350 (representing workers at the SMaRT station), stated she agrees with Mr. Leasia and the language presented to Council by Mr. Storti. She stated the workers want stability in the work force and a fair level of wages. This draft proposal will eliminate labor issues over the next seven

years by providing job retention, stable fair wage benefits, and the wages and benefits will not be cut should the company use an independent contractor for a certain task.

Councilmember Moylan asked Ms. Pau about the section of the draft language that allows for comparable wages. For instance, if San Jose was to increase its wages, and they are part of the surrounding area and comparable wages, what protects Sunnyvale from being requested to follow with a similar wage rate. Ms. Pau stated that the negotiations are not based on what the wage levels are in other cities. They have to negotiate with the contractor that is running the center. The language in the proposed document regarding comparable wages is meant to keep the wages from going over a comparable wage and reiterated that negotiations consider what they are currently making, not what another city is paying for wages.

Councilmember Spitaleri confirmed with Ms. Pau that their proposal does not exceed City staff recommendation for a prevailing wage.

Councilmember Chu confirmed with Ms. Pau that the wage for Sorters in San Jose is approximately a \$15 per hour wage (with \$8 cost for benefits) with total compensation at \$23 per hour.

Philip Bump, representative from the South Bay Labor Council, asked Council to support the proposed replacement to Section 3.10. Councilmember Hamilton stated that the request for proposal will not take affect for eighteen months and asked how that meets the immediate change being requested. Mr. Bump stated this process has been ongoing and the workers have lost confidence that it will be resolved. He stated that for many workers, the eighteen month delay is not as important as having a solution for their pay and benefits.

Duane Beeson stated he agreed with the propose language as presented.

Larry Daugherty, Local Teamsters 350, asked Council to support the proposed draft language and add it to the City's RFP.

Councilmember Howe asked Mr. Daugherty if he had any suggestion for a cap for the benefit portion, and Mr. Daugherty stated he did not have one at the present time.

The Secretary/Treasurer from Local Teamsters 350 spoke in favor of the proposed draft language. He stated Norcal corporation in San Jose does not employ sorters and that California Waste Solution (out of Oakland) operates in San Jose. The other company Council has been discussing is Mission Trails Garbage in Santa Clara. He stated the sorters in San Francisco make over \$20 an hour in wages alone and have copious benefits as well. He stated he would like to take the concerns Council has expressed and meet again with the employer to draft another version to bring before Council at a later date and asked that these proceeding be postponed. In the interim they will work with the employer for the next 18 months until the request for proposal bidder is selected.

Vice Mayor Lee asked for staff's opinion on the draft proposal for Section 3.10 and City Attorney Kahn stated he would need an opportunity to discuss this document with outside Council and then report back to Council on the various ramifications of this proposal. City Attorney Kahn noted some immediate concerns from a brief overview of the proposal such as concerns over a two-tier system; appearance of uncapped wages as written; concerns regarding an anti-competitive nature for the RFP based

on a collective bargaining agreement being in place, and the fact that surrounding cities salaries are heavily considered when negotiating.

Vice Mayor Lee confirmed with City Attorney Kahn that his recommendation is a continuance on this item.

Mayor Swegles invited Mr. Storti to return to the podium. Mr. Storti stated they do not have a two-tier system, rather they are proposing a system for times when there is not an agreement between the union and current operator. He stated his company provides benefits for their employees and their dependents at no charge.

Councilmember Spitaleri confirmed with Mr. Storti that whatever his company negotiates with the union for the next 18 months, those costs will be paid for by the company.

Mayor Swegles closed the Public Hearing at 7:06 p.m.

Councilmember Chu asked how the schedule for the issuance of the RFP would be impacted if staff needs time to review the proposal. City Manager Chan stated staff would need to speak to outside legal counsel in order to identify when this item could return to Council.

Councilmember Howe moved and Councilmember Spitaleri seconded to continue this item to the Council meeting of June 27, 2006.

Motion carried: 7-0

Councilmember Howe moved and Councilmember Chu seconded to direct staff to revise the Request for Proposal by placing a cap on wages and (any and all) benefits and also address worker retention.

Councilmember Chu made a friendly amendment that wage information be included as information from California Waste Solution (out of Oakland) and Mission Trails Garbage in Santa Clara. Councilmember Howe accepted the friendly amendment and stated in addition, he would like current salary and benefit information for all the sorters and drivers throughout the County of Santa Clara to be included in a Friday Report as soon as possible (not to wait for the Report to Council). Councilmember Chu accepted the friendly amendment.

Motion carried: 7-0

Mayor Swegles adjourned the Council meeting at 7:20 p.m.

Mayor Swegles reconvened the Council meeting at 7:50 p.m.

Councilmember Chu moved and Councilmember Moylan seconded to move the SMaRT Station item (that was just voted on) from June 27, 2006 to June 20, 2006 and also direct the City Manager to make any necessary adjustments to the agenda for the meeting of June 20, 2006 for items that may need to be deferred to another date. Also staff is to notify all speakers of this change in date.

Motion carried 7-0

Mayor Swegles adjourned the Council meeting at 7:52 p.m.

Mayor Swegles reconvened the Budget Workshop at 7:53 p.m.

Review of Recommended FY 2006/2007 Fee Schedule

Director Bradley presented the Fee Schedule, identified general adjustments, and answered questions by Council

Councilmember Chu stated the tree removal permit states trees will be measured at 4 feet above ground; however, Council had previously amended the measurement to 4 ½ feet above ground and requested that the schedule be corrected. Director Bradley confirmed this will be corrected.

Mayor Swegles asked questions about non-resident fees for the City's golf course. Councilmember Howe indicated he will sponsor a budget study issue to research implementing non-resident fees for the City's golf courses.

Mayor Swegles and Councilmember Moylan indicated they will sponsor a study issue to reconsider the user fees for Plaza Del Sol.

Mayor Swegles opened Public Comments

Ed Lee spoke about an issue that was raised during the last Council campaign regarding lifetime medical benefits (paid by the City) for Councilmember's who are over 50 years of age and have served on the Council for 5 years. He stated he understood these benefits would extend to the Councilmember's spouse as well and he would like the elimination of these benefits be placed on the next Council Meeting agenda.

Werner Gans spoke about his concerns over the budget. He stated he does not believe the City needs additional street sweeping in the City. Mr. Gans also stated he did not agree with the 3% increase per year for the SMaRT station employees.

No one else wished to speak and Mayor Swegles closed Public Comments.

Summary and Concluding Remarks

City Manager Chan thanked Council for their leadership and commitment to improve the quality of life for the community, and also to staff for their hard work and dedication to help Council better understand the budget.

Councilmember Moylan stated the Council should address the request from Mr. Lee to place an item on the agenda and asked staff for direction. City Manager Chan stated there are several options available to Council include placing this item on the agenda for a future meeting, sponsoring a study issue, or if Council has a direction they wish to pursue, then they can make it part of their budget review and pass a motion.

Councilmember Moylan and Spitaleri indicated they would jointly sponsor a study issue to review the long-term health benefits provided to Councilmembers (eligible after five years of service).

Mayor Swegles declared the meeting adjourned at 8:37 p.m.

Katherine Bradshaw Chappellear
City Clerk